



A few shoots of recovery lift the Balkan gloom

Moving out-of-gauge and project cargoes through the Balkans brings its own unique challenges, but there are many specialists based there that are finding ways to cope, writes Mike Bryant.

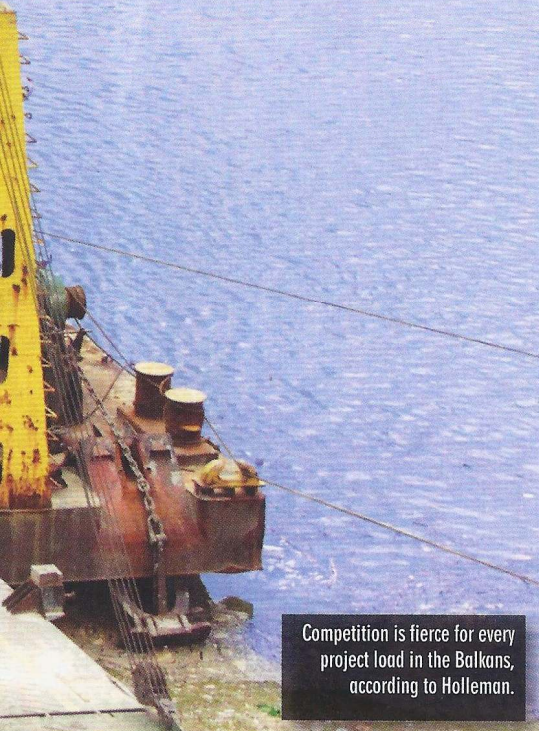
The Balkan states remain among the poorest in Europe and the economic meltdown of post-2008 hit the region hard. A lack of financial reserves, difficulty in

accessing capital, relatively undeveloped infrastructure and as-yet incomplete transition to a market economy have all impacted the region's ability to cope with the crisis. The western Balkan nations in

particular, including Albania and the states that made up the former Yugoslavia, have struggled to shake off their state-managed economic pasts.

With regard to project cargo business, the decline in international (and especially European) demand for Balkan products and raw materials, such as mineral fuels, and iron and steel, was particularly damaging post-2008.

Moreover, while the recovery of



Competition is fierce for every project load in the Balkans, according to Holleman.

economies elsewhere has encouraged greater export trade out of the Balkans, the general view of project cargo specialists in the region is that demand for project and heavy lift services remains somewhat depressed.

There is high demand for shipments related to the region's renewable energy, industrial construction and raw steel industries, said Dave Roosen, director projects and sales at Croatia based project forwarder R&B Global Projects.

However, despite a high number of enquiries, the amount of work materialising is low. "Everyone is waiting and postponing."

Demand for the transport of heavy and out-of-gauge cargoes on the large fleet operated by Bulgarian river transport specialist Rubiships is also very tight, observed Robert Radoslavov, general manager.

The Balkan Peninsula remains the mostly undeveloped part of Europe, but in

spite of that there has been a slight improvement in its industrial sector, while the civil and industrial construction sector is enjoying a minor revival, Radoslavov said.

In Croatia, the economy also "is not so strong", advised Ivica Bergovac, sales manager at Velebit Promet, a haulier based in Dugo Selo (near Zagreb) specialising in shipping oversized loads in Croatia and across Europe.

"We are still feeling the consequences of war and the economic crisis. A lot of good companies have disappeared." There is some promise in the industrial construction and energy sectors, he revealed, but little sign of business right now in mining-associated shipments.

Either way, "we cannot just rely on our home market, we must look for business across the whole of Europe to survive", he observed.

Demand uptick

Renewable energy is certainly one sector in the Balkans that seems to be performing relatively well. Vagelis Anagnostopoulos, commercial and sales manager at Patras, Greece headquartered Supercargo Shipping & Forwarding, noted: "At the moment, in the Balkan area, the most promising projects are those that concern the renewable energy sector and the transportation of wind generators."

Like Radoslavov, Anagnostopoulos pointed to an upturn in demand associated with civil and industrial construction projects, and the transportation of oversize



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machinery to support it. Supercargo is currently handling both longstanding and relatively new requests for transporting shipments of industrial machinery that are brought into Greece by sea and are then moved overland to various Balkan countries.

Also in Greece, the project division of the Cosmatos Group of Companies is receiving regular enquiries across what managing director Elisabeth Cosmatos described as a "broad spectrum" of business.

However, due in large part to the recession that Greece is still suffering from, most project-related enquiries remain little more than that, with few of them actually becoming jobs. "Wind farms are among the more regular shipments requiring the specialist assistance of Cosmatos," she confirmed.

Turning enquiries into work

George Nita, general manager of special transport company Holleman, remarked: "The reality shows a decrease in out-of-gauge cargo in our area. The wind energy industry is not encouraged in our area and the effects of the 2008-09 crisis are still visible." Plus: "We are missing the industrial machinery and tools, the oil and gas components."

Holleman specialises in transporting heavy shipments across Eastern Europe and the Balkans.

It has companies with their own fleets of trailers and independent project cargo operations in Romania, Bulgaria, Serbia and

Ukraine, with commercial offices in Moldova and Hungary. Mladen Ganchev, Holleman Bulgaria manager, has also seen a downturn in project work:

"If we look at the figures, we have had a steady increase in the number of enquiries over the last four to five years. But the reality is that in many cases the enquiries are spread across the [region's freight forwarder] market and we receive them along with other forwarding companies.

"In this way, the final number of real new enquiries is not higher compared with previous years.

"There is not so much activity on the local market, as there are so many shippers of out-of-gauge cargoes and the fight for every single load is great.

"But, at the same time, business associated with agricultural machinery, supported until now by many EU funds, is stable and this is what we would call a good business for us.

"Ten years ago the biggest volumes of cargo were from the construction machinery sector," Ganchev continued.

"After the crisis came we were lucky to have three or four years with a booming renewable energy sector.

"But those times are gone and now the agricultural sector seems to be the most important for us.

"We see an increase of construction machinery, but the process is still very slow and far away from the volumes seen in the old times. There are also cargoes for industrial construction, but their share is not so big.

"The main problem for the Bulgarian carriers involved in international transport is that we have far more imports than exports. That is why we are looking for different solutions like loading in other Balkan countries or using subcontractors for the imports," he explained.

Overcoming difficulties

Operating in the Balkans has challenges associated with the region's geography, its infrastructure, as well as the political and economic environment.

As Supercargo's Anagnostopoulos outlined: "We have to take into consideration the various different legislative directives, the terrain that we are going to come across, the different procedure of permits issuance in every single country, or even in different districts within the same country.

Furthermore, every cargo has different specifications on the ways of loading and transfer procedures, and of course we have



A Supercargo out-of-gauge shipment on a low loader.

to make sure that all the appropriate documentation is in order so as to ensure the clearance of any Customs formalities we may come across."

Supercargo's main area of operation is within Greece, but it has also undertaken numerous projects in Bulgaria, Turkey, Serbia, Romania, Macedonia and Albania.

"It is imperative for shippers to be aware of the legislative content that covers this type of shipment along highways within different areas of operation, the appropriate documentation that must accompany the non-EU special cargoes, and the possible difficulties that are probably going to be faced and overcome during the whole transfer operation."



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Cosmatos Group of Companies

For Elisabeth Cosmatos: "Neighbouring Balkan countries offer poor specialists in transport, so we need to use Greek subcontractors in order to maintain high quality standards.

"Highway infrastructure has limitations, hence alternative roads must be identified for back-up.

"Customs formalities and time limits are always a challenge when conducting out-of-gauge transport to neighbouring countries, as most of the time final clearance takes place at final destination – hence [EU Common Transit] T1 Customs bank guarantees need to be deposited for such actions," she continued.

In Croatia, Bergovac reported a number of challenges, many of them due to a lack of attention by the government to the problems of a haulier like Velebit Promet.

For example, permits to haul oversize, heavy loads are significantly more expensive to obtain in Croatia than in most European states for similar type shipments – a problem for a haulier, but also the national economy.

Croatian law requires a permit for every shipment that is valid for only a matter of hours; while no permanent permit to haul out-of-gauge loads is granted.

Furthermore, an escort car is required by law for oversize loads for the entire length of the route if the load is as little as 1 cm wider than a trailer of 2.56 m width. Finally, weighing requirements are slow and bureaucratic.

Bergovac noted: "We often lose a whole day because of this procedural silliness."

Differing equipment requirements

Holleman's vehicle fleet includes lowbeds of various types, with detachable necks, semi-trailers with between three and ten axles and modular axles produced by Goldhofer – able

Coping at Koper

The Port of Koper in Slovenia is one of the many local ports that regard project cargo handling as a key areas of business. Koper is actually a multipurpose port, handling containers, general cargo, dry bulk, liquid bulk and vehicles (mostly new cars).

Project cargoes are handled mostly through the general cargo terminal, which is one of 12 specialised terminals at the port. Total throughput at the port reached 20.7 million tonnes in 2015, about 1.5 million tonnes of which related to various breakbulk cargo, including abnormal and project loads.

The most important land market for project cargo shipments moving through Koper is Central Europe, explained Sebastjan Sik, Luka Koper's public relations director, while other important overseas markets include locations around the Mediterranean, the Middle East, North Africa and occasionally also Asia.

Luka Koper operates all the port's terminals and manages the port area. The port's handling equipment inventory includes 32-tonne forklifts, mobile harbour cranes (including one with a



An out-of-gauge boiler being shipped through the Port of Koper.

110-tonne capacity and a second that can lift 63 tonnes) and two dedicated berths (5,000 sq m each) with adjacent storing areas. The port is able to meet its out-of-gauge customers' needs with its existing equipment, Sik stated. The port is currently handling a lot of cargo for the energy sector –

including turbines, valves and generators – pieces of machinery for factory installation, construction machinery and shipyard-related equipment.

While cargo volumes through the port depend on the situation in Koper's key markets, traffic has been steady in recent times, Sik noted.

to align, for a single load, up to 24 axle lines.

"It is important to offer different trailers, because the competitors tend to present more and more sophisticated equipment," explained Nita.

"Thus, the number of trailers exceeds the number of tractors and prime movers in our fleet."

Ganchev added: "In every country, especially in the Balkans, legislation differs



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In some countries the limitation for axle pressures is higher, in others height is more of an issue.

"There are not so many big companies in the Balkans (except in Greece and Turkey), but there are a lot of smaller companies with several trucks, presenting different solutions and equipment – this is one of the biggest challenges for us," Ganchev observed.

"In our area, the infrastructure is not very well developed," Nita said.

"Sometimes, we have a large number of bridges that must be checked.

"Another obstacle is the high price of permits; here we pay both for exceeding the dimensions and the weight.

"The quality of the roads has improved, except in the cases of Ukraine and Moldova."

Specifically in the Bulgarian market, Ganchev noted: "For good or ill, the infrastructure here is still not so well developed, which sometimes can be an advantage for us.

We can move high cargoes and still find solutions for the clients. But the problem is that the existing infrastructure is not maintained in the best way and there are many roads that cannot be used due to weak bridges.

The situation in Romania is even worse – with the new legislation you need a project

study with an 80-tonne load. And you need to pay the costs for each trip, even if you have two identical transports in two or three days."

For Rubiships, most challenges relate to the Danube River, Radoslavov commented – especially at the lower part of the river, which can be particularly difficult in certain weather conditions.

"Also, there are issues in the Bulgarian



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legal system that complicate the registration of the ships, as well as the crew settings.

"Customs procedures in and out of Romania and Bulgaria are also an obstacle to the quick sailing of the vessels between the two countries."

R&B Global Projects is based in Croatia but handles projects around the world.

In today's market the base used for such work is much less important than it once was, Roosen said.

Certainly, there are challenges to moving oversize and project cargoes through the Balkans.

"Tunnels, mountains and bridges are very frequently encountered; the unreliable water level of inland rivers is another issue."

Bureaucratic issues

Another man-made challenge comes in the form of "slow payers", he added. They are also a problem, "although matters go very smoothly when dealing with correct and sound partners".

Furthermore: "All the documents required for Customs purposes (such as invoices, packing lists, bills of lading) need to be in accordance with one another and precise as to description and weights."

Velebit Promet hauls a 70-tonne transformer from Zagreb to Dublin.



Having the right documentation from the start is vital, as Ganchev emphasised.

"We always say to our customers that we should work together and play with open cards... Sometimes we receive wrong dimensions or weight details and, based on this, we offer a price and use a particular type of equipment.

"Then, by the time of loading, or even while being checked, which happens more

often than elsewhere in this region, it could be that the reality does not match the permit details.

"In most cases it is hard, even impossible, to change already issued permits and get money paid back.

"And there are no permanent permits for the region, which makes every change very expensive."

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